

A stylized graphic of the state of Tennessee in a light blue color, with a dark blue river winding through it. The graphic is positioned at the top of the logo, behind the text.

The Rural Center

NORTH CAROLINA Capital Access Program



Job growth through increased
business financing

2010 Small Business Jobs Act

State Small Business Credit Initiative (SSBCI)

- \$46.1 million federal allocation to N.C.
- Minimum of \$461 million in new business financing when leveraged with private funds

SSBCI Requirements

- Funds are to be used for Capital Access and other small business credit support programs
- Allocation available in three \$15 million disbursements
- \$27.6 million (60%) must be committed to small businesses by 2013
- Each federal dollar must be leveraged with ten private dollars by 2016

Re-launch of NC-CAP

- Rural Center offered program from 1994-2007
- Re-launched in March 2011 through SSBCI
- Reduces lender risk through a pooled loan portfolio insurance program
- Borrower pays fee of 2% to 7% matched by the Rural Center and placed in reserve account at lender
- Lender draws on reserve account for losses on loans enrolled in program

NC-CAP Update

- 64 participating lenders (banks, credit unions and CDFIs) with 1,529 branches
- Available in 99 of 100 counties
- 15 lenders have enrolled 67 loans for \$6.7 million
- Average enrolled loan of \$100,000
- 203 jobs created and 400 jobs retained

SSBCI Nationwide

- 46 states approved, plus 3 territories and the District of Columbia
- 13 states have implemented programs and drawn down funds
- North Carolina was the first to implement and draw down funds
- First loan in the country was made to a logging company in Lincoln County, NC

Programs Other States Are Implementing

- No. 1 – Capital Access Programs
- No. 2 – Loan Participation Programs
- No. 3 – Venture Capital Fund of Funds
- No. 4 – Collateral Support Programs
- No. 5 – Loan Guarantee Programs

North Carolina Adding Two New Programs

- Loan Participation Program
- Venture Capital Fund of Funds Program

Loan Participation Program

- NC-LPP reduces a lender's risk by purchasing a 20% subordinate interest in eligible loans
- Eligible loan size from \$250,000 (\$50,000 purchase) to \$5 million (\$1 million purchase)
- Rates, terms, and fees determined by lender
- Loan must be for business purpose
- Businesses, non-profits, and government owned corporations are eligible up to 500 employees

Fund of Funds Program

- NC-FOF will invest in angel and venture capital funds that in turn will invest in potential high growth businesses in the state
- An investment committee will be charged with selecting and recommending fund investments
- All stages of venture capital investment are eligible, including seed/angel, early stage, expansion, and mezzanine financing
- Investments can be structured as either pure equity or hybrid (equity and subordinated debt)

Revised State Allocation

- NC-CAP – \$ 8.2 million will leverage \$272 million of private financing by 2016
- NC-LPP – \$ 27.8 million will leverage \$212 million of private financing by 2016
- NC-FOF – \$ 10 million will leverage \$100 million of private financing by 2016

Contact:

Patrick Woodie
Vice President, Rural Development Programs
N. C. Rural Center
pwoodie@ncruralcenter.org
919.250.4314

Tony Johnson
Senior Director, Office of Business Development
N.C. Rural Center
tejohnson@ncruralcenter.org
919.250.4314

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